

County of Cook, Illinois



DRAFT FOR PUBLIC REVIEW/COMMENT

Substantial Amendment to the 2010-2014 Consolidated Plan

(Anticipated Submittal - September 28, 2012)

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Prepared by:

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STAKEHOLDER CONSULTATION AND CITIZEN PARTICIPATION

Community Development Advisory Council (CDAC) Public Hearing	TBD
<ul style="list-style-type: none">• Notices• Minutes	
Cook County Board of Commissioners Public Hearing	TBD
<ul style="list-style-type: none">• Notices• Resolution	
Public Comments and Cook County Responses	TBD

SUMMARY

The County of Cook ("County") seeks to establish a loan pool not to exceed \$30 million under the Section 108 Loan Guarantee Program administered by the U.S. Department of Housing and Urban Development (HUD) under 24 CFR 570, Subpart M – Loan Guarantees. These funds, if approved, will be utilized throughout suburban Cook County under a range of eligible activities targeted to support development and businesses. This requires a Substantial Amendment to the current 2010-2014 Consolidated Plan. This document, consisting of a narrative as well as required attachments, constitutes the formal Substantial Amendment to HUD for modification of economic development priorities and strategies including the proposed Section 108 Loan Guarantee funds (based upon a concurrent application to HUD for said funds).

SUBSTANTIAL AMENDMENT NARRATIVE

The following sections of the current 2010-2014 Consolidated Plan are to be amended as indicated.

GENERAL REVISIONS (originally noted throughout document)

The existing language referencing the Department or Bureau will be revised as follows:

The Department of Planning and Development within the newly formed Bureau of Economic Development (formerly known as the Bureau of Community Development) is the designated agency which administers HUD funds on behalf of Cook County.

COMMUNITY DEVELOPMENT PRIORITIES (originally noted on page 3)

The following language will be added under the existing bullet points:

- Cultivate new revenue sources and develop new financing mechanisms for the support of economic development initiatives that create and/or retain jobs for low- and moderate-income persons.

ESTIMATED RESOURCES (originally noted on page 3)

The following language will be added within the existing table:

Program	HUD Allocation	Program Income	Total
Section 108 Loan Guarantee	\$30,000,000 Requested	TBD	\$30,000,000 Requested

**** Note 1** - Cook County's application for Section 108 Loan Guarantee financing under 24 CFR 570, Subpart M – Loan Guarantees is being submitted concurrently with this Substantial Amendment. Availability of funds will be contingent upon HUD approval.

**** Note 2** - Cook County may apply for Section 108 Loan Guarantee funds up to five times its current approved Community Development Block Grant (CDBG) entitlement allocation. The requested amount is less than the maximum allowable.

**** Note 3** - In applying for Section 108 Loan Guarantee funds, Cook County is required to pledge its current and future CDBG funds as security of repayment within twenty years. However, as long as repayment is remitted as agreed, there is no impact to Cook County's ongoing CDBG allocations. Repayment of Cook County's Section 108 Loan Guarantee will be based upon remittances from third parties assisted with loan funds.

** Note 4 - Section 108 Loan Guarantee financing will enable Cook County to support large scale projects and activities on an accelerated timeline not feasible with current resources for a broader economic development impact including support to sustain and grow local businesses as well as create and retain jobs for low- and moderate-income persons.

COMMUNITY DEVELOPMENT STRATEGIES (originally noted on page 5)

The existing language will be revised as follows:

4.4 Economic Development: Provide financing for projects and business assistance that promote economic development including job creation and retention for low- and moderate-income persons through existing HUD funding, a proposed Section 108 Loan Guarantee funded loan pool, and other competitive funding sources secured. Specifically, CDBG funds may also be utilized as seed capital in sustainable development funds for economic development purposes.

** Note 1 – Cook County’s application for Section 108 Loan Guarantee financing is being submitted concurrently with this Substantial Amendment. Availability of funds will be contingent upon HUD approval. The Draft Application details proposed eligible uses.

OUTCOMES AND OBJECTIVES (originally noted on page 5)

The existing table will be revised as follows:

Objectives/Outcomes	Availability	Accessibility	Sustainability
Economic Opportunities	\$30,385,839	\$0	\$2,838,669

** Note 1 - The Availability category includes a \$30,000,000 Section 108 Loan Guarantee. The balance of funds indicated above under the Availability and Sustainability categories are drawn from the existing Consolidated Plan and reference current CDBG resources.

** Note 2 - Cook County’s application for Section 108 Loan Guarantee financing is being submitted concurrently with this Substantial Amendment. Availability of funds will be contingent upon HUD approval.

** Note 3 – Utilizing the 24 CFR 570.209(b) CDBG public benefit standard of \$50,000 required to create or retain a single full-time equivalent, permanent job, it is anticipated that the proposed Section 108 Loan Guarantee financing will create at least 600 jobs. If HUD approves a lesser amount of Section 108 Loan Guarantee funds, this goal will be adjusted proportionally.

OBSTACLES TO MEETING UNDERSERVED NEEDS (originally noted on pages 9 and 21)

The existing language will be revised as follows:

Abandoned Properties: A large number of blighted, abandoned properties have significant back taxes owed to the County, often in amounts that exceed the value of the property. Owners have no economic incentive to sell the property since the costs to clear the title would exceed the proceeds they would receive from the sale. In addition, federal regulations prohibit the use of Consolidated Plan funds administered by the County to pay the back taxes owed to the County. To address this, the County employs its No Cash Bid program which helps municipalities and other taxing bodies acquire tax delinquent property for reuse as private development, and for tax exempt municipal use. By assisting the municipalities in the process of acquiring certificates of purchase, Cook County is able to help revive areas with new housing and business ventures. These projects also potentially generate new property

and sales tax from parcels that were once drains on municipal resources. Cook County also continues to explore additional options to assist municipalities in addressing abandoned properties and related issues. Recently, Cook County approved a Land Bank Advisory Committee which has been charged with advising Cook County on the feasibility of creating a Land Bank, a critical tool to help combat the foreclosure crisis and eradicate blight. The committee is tasked with recommending a responsible, legal, and effective model as well as the potential budget, target areas, and scope of service for the Land Bank entity. The committee will also evaluate methods and recommend initiatives to market existing tax incentives in conjunction with broader strategies for community revitalization and economic growth. It is anticipated that the Land Bank initiative will be eligible for CDBG support and/or for loans under the Section 108 loan pool to further leverage dollars for broader community impact.

MANAGING THE PROCESS (originally noted on pages 10-11)

The following language will be added under the existing language:

In addition to the public hearings previously advertised and conducted during the development of the 2010-2014 Consolidated Plan, this Substantial Amendment has been submitted for the review and approval of the Community Development Advisory Council (CDAC) and the Cook County Board of Commissioners. Notice of both hearings as well as the availability of the draft plan was provided in accordance with the current Cook County Citizen Participation Plan. Additional information including relevant notices, public comments received, and Cook County responses may be found later in this packet.

CITIZEN PARTICIPATION (originally noted on pages 14-15)

The following language will be added under the existing language:

In addition to the public hearings previously advertised and conducted during the development of the 2010-2014 Consolidated Plan, this Substantial Amendment has been submitted for the review and approval of the Community Development Advisory Council (CDAC) and the Cook County Board of Commissioners. Notice of both hearings as well as the availability of the draft plan was provided in accordance with the current Cook County Citizen Participation Plan. Additional information including relevant notices, public comments received, and Cook County responses may be found later in this packet.

DEMAND: LOCAL ECONOMIC TRENDS (originally noted on pages 28-29)

The existing language will be revised as follows:

ECONOMIC DEVELOPMENT CHALLENGES AND OPPORTUNITIES

The “Great Recession” Undermines Residents’ Quality of Life

Since adoption of Cook County’s 2010-2014 Consolidated Plan, economic conditions within the County have deteriorated significantly. The “Great Recession” has negatively impacted the lives of countless County residents and their families. The County’s Consolidated Plan was adopted on August 15, 2010 and is heavily reliant on data from the 2000 U.S. Decennial Census. More recently released data from the 2010 Decennial Census and the annual American Community Survey (ACS) illustrate the economic toll of the downturn.

Cook County’s median household income, for example, declined from \$60,091 in 1999, to \$53,406 in 2009, to \$51,466 in 2010. This reflects a percentage decrease of 14 percent in eleven years, more than 1

percent per year.ⁱ Unemployment is still almost twice the 2000 rate of 5 percent, though it recently dropped from 11.8 percent in 2010 to 9.5 percent in 2012.ⁱⁱ Job creation since 1990 has significantly lagged behind the Chicago metropolitan area and the nation.ⁱⁱⁱ

The poverty rate in the County has increased steadily from 13.5 percent in 1999, to 15.9 percent in 2009, to 16.7 percent in 2010.^{iv} Poverty rates have increased every year from 2007 to 2010.^v According to the 2006-2010 ACS, that figure increases to 37.3 percent for female heads of household with related children under 18 years.^{vi}

The severity of Cook County's housing crisis has received national attention. The New York Times cited RealtyTrac's report that metropolitan Chicago has the nation's largest inventory of foreclosed property, with more than 118,776 homes in May 2011 that were either owned by banks or were in foreclosure because the owners could no longer afford their monthly mortgage payments.^{vii} According to RealtyTrac, 69,103 homes were in foreclosure in July, 2012.^{viii} By 2010, the median home value in Cook County had dropped 14 percent to \$244,000 from \$281,000 in 2007.^{ix} The collapse of the homeownership market has produced a tighter rental environment for the four out of ten residents (41.8 percent) who do not own their home.^x

Challenges to Regional Economic Recovery

Cook County is undergoing demonstrable shifts in the employment sector with a shift toward management and service employment, and away from sales and production. Service and management/professional occupations grew by 4 and 2.4 percent respectively while declines characterized the production/transportation/material moving (-2.6 percent) and construction/extraction sectors (-7 percent).^{xi}

The percentage of jobs in education, health, and social services increased from 2007 to 2010. Food services and hospitality workers in Cook County remained stable during the period while manufacturing, a historic cornerstone of the County's economy, trended downward from a high of 11.7 percent in 2007 to 10.7 percent in 2010.^{xii} Construction remained a small part of the overall workforce but declined from 6 percent in 2007 to 4.7 percent in 2010, a decline produced largely by stagnant real estate markets.^{xiii}

The Chicago Metropolitan Agency for Planning (CMAP) identifies freight and logistics as a priority sector for the region's economy and cites that the Chicago metropolitan terminal ranked as the top western hemisphere port when measured by the 12.85 million twenty foot equivalent unit (TEU) containers processed here. Metropolitan Chicago's freight cluster accounts for 204,350 jobs or 4 percent of the region's total employment. Over the last decade, this cluster has grown by 7 percent, considerably faster than the average for all other occupations. The bulk of the transportation, real estate and human assets essential to this industry cluster—six Class I rail corridors, twenty-one rail-to-truck intermodal facilities, eight interstate highways, a connected network of truck routes, sufficient vacant and/or underutilized land for redevelopment and a ready workforce—are all concentrated in Cook County.

Cook County is part of the Chicago Metropolitan Statistical Area (MSA), as defined by the U.S. Census Bureau. The Chicago MSA includes fourteen counties—DeKalb, DuPage, Grundy, Kane, Kendall, Lake, McHenry, and Will counties in Illinois; Jasper, Lake, Newton, and Porter counties in Indiana, and Kenosha County in Wisconsin. Its population of 9.6 million (2009 estimate) makes it the third most populous MSA in the nation.^{xiv}

Recently completed economic analysis reveals that since 2000, the 14-county Chicago metropolitan region's Gross Regional Product (GRP) failed to keep pace with the nation—producing a “lost decade” that complicates economic recovery. These changed circumstances have disproportionately affected low- and moderate-income suburban communities and necessitate the development of new tools and mechanisms to prime Cook County's economic development pump.^{xv}

STRATEGY 4.4 ECONOMIC DEVELOPMENT (originally noted on pages 58-59)

The following language will be added under the existing language:

If approved, the Section 108 Loan Pool will be used to guarantee private loans and provide gap financing to a range of development types. All projects selected by the County shall meet Section 108 underwriting criteria including project readiness, proven development capacity and leveraging as well as be completed within a reasonable time frame from the approval date. The following descriptions are representative, although not comprehensive or exhaustive, of the types of potential projects to be included in the County's Section 108 Loan Pool:

- **Site Assembly and Public Facility Improvements:**
Site assembly, remediation and/or infrastructure improvements including rail infrastructure will all qualify for Section 108 loan guarantees as part of mixed use, commercial, industrial and/or office development projects. Such improvements can also extend to the modernization of existing buildings for reuse and the implementation of energy efficiency upgrades to such facilities.
- **Commercial Office/Hotel/Retail Development:**
Commercial office/hotel/retail developments that create jobs, at least 51% of which are held by or made available to low- and moderate-income persons, can also qualify for the Section 108 Loan Pool.
- **Industrial and/or Cargo Oriented Development:**
The freight transportation, logistics and related industry sector serves as one of the foundations for Cook County's economy. The County is home to 21 freight intermodal terminals as well as multiple trucking terminals, interstate highways, an extensive truck route network and thousands of acres of industrial property in proximity to these assets. Section 108 loan funds will be used to foster the creation of industrial parks that mix manufacturing, warehousing, distribution centers and logistics businesses on an infill basis on vacant and underutilized land near existing freight transportation assets. At least 51% of jobs associated with developments receiving assistance from the Loan Pool will be held by or made available to low- and moderate-income persons.
- **Business Development Loans:**
The tightening of credit associated with the Recession has made financing for business start-ups and expansions of small to mid-size firms difficult. Section 108 loan funds will be made available to new and expanding companies that are forecasted to create living wage jobs for low- and moderate-income residents of Cook County. Cook will promote these enterprise development loans to industry clusters such as Transportation, Logistics, Warehouse and Distribution; Food Processing; and Metal Manufacturers in which Cook County demonstrates stronger performance than the nation.

STAKEHOLDER CONSULTATION AND CITIZEN PARTICIPATION

Community Development Advisory Council (CDAC) Public Hearing

Notices

Minutes

**** Will be inserted upon completion of public hearing on August 22, 2012 ****

Cook County Board of Commissioners Public Hearing

Notices

Resolution

**** Will be inserted upon completion of public hearing on September 10, 2012 ****

Public Comments and Cook County Responses

**** Will be inserted upon completion of public hearings and conclusion of public comment period ****

Endnotes

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- ⁱ Social IMPACT Research Center, <http://www.scribd.com/doc/65965081/Cook-County-Fact-Sheet>
- ⁱⁱ Chicago Workforce Investment Council, www.cwic.org/Portals/0/CWICstats/CWICstatsDashboard2012Q1.pdf
- ⁱⁱⁱ Metropolis Strategies, RW Ventures – Background Information on Cook County, July 11, 2012 p.14
- ^{iv} Social IMPACT Research Center, <http://www.scribd.com/doc/65965081/Cook-County-Fact-Sheet>].
- ^v Chicago Workforce Investment Council, www.cwic.org/Portals/0/CWICstats/CWICstatsDashboard2012Q1.pdf
- ^{vi} U.S. Census Bureau, 2006-2010 American Community Survey 5-Year Estimates – Cook County, IL
- ^{vii} The New York Times <http://www.nytimes.com/2011/07/08/us/08cncforeclose.html?pagewanted=all>
- ^{viii} RealtyTrac <http://www.realtytrac.com/trendcenter/il/cook-county-trend.html>
- ^{ix} Chicago Workforce Investment Council, www.cwic.org/Portals/0/CWICstats/CWICstatsDashboard2012Q1.pdf
- ^x U.S. Census Bureau, 2010 Demographic Profile Data – Cook County, IL
- ^{xi} Chicago Community Trust <http://www.cct.org/research/research/what-does-the-census-tell-us-about-metropolitan-chicago>
- ^{xii} Metropolis Strategies, RW Ventures - Background Information on Cook County, July 11, 2012, p.14
- ^{xiii} World Business Chicago, <http://www.worldbusinesschicago.com/files/downloads/Plan-for-Economic-Growth-and-Jobs.pdf>
- ^{xiv} Metropolis Strategies, RW Ventures - Background Information on Cook County, July 11, 2012, p.14
- ^{xv} World Business Chicago, <http://www.worldbusinesschicago.com/files/downloads/Plan-for-Economic-Growth-and-Jobs.pdf>